APEC TEL 40

Regulatory and Policy Update

Chinese Taipei

September 2009

1. Update of Statistics

As of July 31, 2009, there were 12.91 million fixed telecommunication network subscribers in Chinese Taipei, indicating a penetration rate of 55.9 percent. In comparison, six months earlier on January 31, there were 13.05 million subscribers with a penetration rate of 56.6 percent. This demonstrates a decrease of approximately 14,000 subscribers over this six-month period, with the penetration rate lowering approximately 0.7 percent respectively.

In contrast, the number of mobile communication network subscribers (including 2G, PHS, and 3G mobile communications) stood at 26.32 million, indicating a penetration rate 114.9 percent, compared to the 25.49 million subscribers (ubiquity 110.6 percent) six months previous. This demonstrates an increase of approximately 840,000 subscribers, with the penetration rate increasing by 3.5 percent respectively.

Furthermore, the number of broadband internet accounts increased from 7.46 million to 7.56 million - representing an increase of 100,000.

2. Regulations Governing Fixed Network Telecommunications Businesses amended

The National Communications Commission (NCC), in September 2005, further opened the Local Network Business by not limiting the number of licenses; NCC also adjusted the licensing conditions, and relaxed existing controls in order to encourage and accommodate interested parties to enter the market. Fifteen new potential licensees have applied for a Local Network Business license since then - two of which were issued with new licenses. Some time after, both new licensees completed mergers with other organizations to undertake inter-district communications services.

However, regulations restricting Local Network Business licensees constructing inter-district networks stipulated that such services were not permitted.

In order to relax the limitation of self-built inter-district connecting circuits, and to enhance the efficiency of construction and maintenance, NCC amended certain articles of “Regulations Governing Fixed Network Telecommunications Businesses” on September 2, 2009. Through the adjustment of relevant license conditions to the fixed network telecommunications business, and the deregulation of certain existing measures, consumers will be offered more reasonable telecommunication fees.

3. NCC set up a "Convergence Policy Research Working Group" to solicit views from public

In order to establish the most effective policies for digital convergence, NCC will invite industrial, governmental and academic bodies to set up a working group (with the tentative name of Convergence Policy Research Working Group). The working group will discuss important issues related to convergence; furthermore, it aims to achieve general consensus on both the vision of industries and the direction of regulation in the era of convergence.

NCC is currently working on amending the “three broadcasting and TV acts” in order to propose solutions for convergence issues. NCC hopes all stakeholders will support the Convergence Policy Research Working Group, and utilize this platform to provide suggestions. NCC can then promote the realization of convergence to meet the new digital convergence era.

4. Promotion of high-definition digital TV

Due to the ever-changing technology and technological breakthroughs, the trend is inevitably towards large flat-screen televisions with high- resolution. Since prices of high-definition televisions have fallen significantly, the era of high-definition TV has come.

In order to promote the development of high-definition television, the

Government Information Office commissioned the Public Television Service Foundation (PTV) to construct a high-definition TV channel test platform. The platform is testing HDTV in order to determine the most effective HDTV playback mode. Moreover, NCC permitted PTV to use channel 30 (566 ~ 572MHz) for a pilot project period of one year as of May 16, 2008. The project includes radio coverage analysis, mobile receiving, channel interference, multi-path interference, market research and future operational modes. PTV finished the project report on 16 June 2009. To enable the continuing development of HDTV, NCC has extended the project to May 15, 2010.

5. Universal Service

A. Broadband for Tribes

In 2009, telecommunication service providers have been expected to establish digital broadband network in remote areas. In total, service nodes will be provided at 51 remote tribes (lins). These locations are areas that, after being analyzed by NCC, are in the most need of broadband service, Chaoyang University of Technology, Chunghwa Telecom and township offices based on surveys and data verification have all made efforts to solve the problem of people being unable to access broadband, or insufficient bandwidth for villagers scattered all over remote areas. The nodes are expected to be provided with wired or wireless service, such as “fiber optics + VDSL,” “microwave + optical fiber cables + optical cross-connect cabinets,” “microwave + DSLAM” and “optical fiber cable + pole-mounted cabinets” in order to provide broadband access at 2Mbps/256Kbps for people in need.

B. Cable TV

In 2009, NCC set up a budget of NT$40 million with the development foundation for the subprogram for universal construction and maintenance of cable TV in remote areas and islands. 5,873,000 NTDs of subsidy was paid upon the completion of construction in the first half of 2009. For the second half of 2009, seven service providers proposed 12 proposals for subsidies; the total subsidy was calculated to be NT$34.1 million. It is expected that 25 villages will benefit upon

the completion of these projects at the end of year.